

EXECUTIVE SECRETARIAT
ROUTING SLIP

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TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
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16	VC/NIC				
17	NIO/ECON	X			
18	D/OGI	X			
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SUSPENSE

Date

Remarks

STAT

Executive Secretary

7 Jan 86

Date

3637 (10-81)

THE WHITE HOUSE
WASHINGTON

For minutes

85-4767/1

CABINET AFFAIRS STAFFING MEMORANDUM *Dec 85*

Date: 1/6/86 Number: 317042CA Due By: _____

Subject: Economic Policy Council Minutes: December 3 and
December 5, 1985

ALL CABINET MEMBERS	Action	FYI	Action	FYI
Vice President	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
State	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Justice	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GSA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NASA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Attached for your information are the minutes of the December 3 and December 5, 1985 Economic Policy Council meeting.

RETURN TO:

Alfred H. Kingon
Cabinet Secretary
456-2823
(Ground Floor, West Wing)

Don Clarey
 Rick Davis
 Ed Stucky

Associate Director

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

MINUTES
ECONOMIC POLICY COUNCIL

December 5, 1985
10:00 a.m.
Roosevelt Room

Attendees: Messrs. Baker, Block, Miller, Yeutter, Darman, Whitfield, Moore, Poindexter, Kingon, McAllister, Svahn, Daniels, Gibson, Khedouri, McMinn, Smart, Stucky, and Ms. Risque.

1. Canadian Free Trade Agreement

Ambassador Yeutter stated that he and Mr. Whitehead had discussed with the Canadians the idea of the President notifying Congress of his intentions to begin to negotiate a free trade arrangement with Canada after the State of the Union Address. He reported that the Canadians would prefer that the President notify Congress as soon as possible.

2. Textile Trade Issues

Ambassador Yeutter suggested that, in anticipating a Presidential veto of the textile bill, the Council should consider policy steps that might be helpful in preserving a veto override. He offered a proposed negotiating outline, which included proposals regarding Japan and the "Big Three," Korea, Taiwan, and Hong Kong.

The Council's discussion focused on the need for such a policy at this time. Several members of the Council expressed skepticism that announcing such a policy might be helpful in ensuring a veto override.

Secretary Baker suggested that the veto message should simply announce the policy agreed upon at the September 24 Economic Policy Council meeting: The Administration will aggressively seek to renegotiate the multifiber arrangement (MFA) at terms no less favorable than present.

Ambassador Yeutter suggested that the veto message on the textile bill might also include a statement that the Administration will seek to avoid surges in imports and enforce the country of origin rules. Mr. Darman cautioned that the textile veto message should not promise more than the President can deliver or it would be counterproductive.

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December 5, 1985
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Decision

The Council agreed that the textile veto message should state that the Administration will aggressively seek to renegotiate the MFA on terms no less favorable than present.

3. Omnibus Trade Legislation

Ambassador Yeutter stated that Senator Danforth's omnibus trade bill contains several provisions that are not acceptable to the Administration. He pointed out that the bill would tie our hands in the new GATT round; place constraints on presidential discretion in Section 201 cases; provide for targeting in section 301 cases; and shorten the timetable on a number of actions. He also noted that Senator Danforth's bill contains a number of international monetary policy proposals.

The Council discussed the prospects for trade legislation in 1986. Mr. Darman cautioned that there may be a resurgence in protectionism, making it unlikely that the Administration could accept an omnibus trade bill. He suggested that the Administration should establish trade legislation priorities and seek to enact them in separate bills, rather than a single large bill.

Ambassador Yeutter noted that there is a great deal of disagreement within the Congress on trade and trade legislation. He suggested that support for Senator Danforth's omnibus bill may not be as strong as now appears.

4. Update on Farm Legislation

Secretary Block provided a brief update on the status of the farm bill and farm credit legislation. He noted that he and Mr. Miller had sent a letter to the farm bill conferees outlining the Administration's policy objectives, including a target cost of \$50 billion. He also stated that the Senate farm credit legislation contains the restructuring and regulatory reforms proposals the President is seeking. He noted that the Senate bill also provides the Secretary of the Treasury discretionary authority to purchase Farm Credit System Capital Corporation Securities, but only after going through the appropriations process.